



Making good things happen.

September 14, 2005

Mr. John F. Carter
Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

**RE: Comments Regarding FDIC Application #20051977; Wal-Mart
Application for Insurance and Industrial Bank Charter**

Dear Mr. Carter:

As an employee of Chillicothe State Bank, a \$90 million community bank in Chillicothe, Missouri, I write to comment on the Wal-Mart Stores, Inc. application for a Utah industrial bank or industrial loan charter (ILC) and federal deposit insurance. Our organization strongly opposes the application due to the potential impact on the community banking marketplace and the commitment of community banks to small businesses. We feel the detriment to rural community business and rural community banks far outweigh any potential gain from the establishment of a Wal-Mart bank and therefore strenuously urge the FDIC to deny the application.

Allow me to cite several reasons I object to the Wal-Mart application:

Mixing of banking and commerce will create conflicts of interest. The application by the world's largest retail company—with \$290 million in revenue, 3,600 retail stores, 1.25 million U.S. employees and more than 100 million customers a week—could require all employees, vendors, suppliers and others to bank with a Wal-Mart bank. In of itself, this action alone would eliminate an enormous customer base for community and regional banks. In all likelihood, every product supplier for Wal-Mart (including many small businesses) could be required to bank with a Wal-Mart bank as a condition of wholesale purchases. The hazardous conflict of interest created would be damaging to community banks.

Mixing of banking and commerce could jeopardize an impartial allocation of credit. In our small community, local business has already felt the affects of a Wal-Mart Supercenter. Prior to construction, our community enjoyed the options of four local grocery stores. In just nine short months from opening, one grocery store has already announced their decision to close. Imagine if all small business in

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competition with Wal-Mart for clothing and apparel, groceries, pharmaceuticals, etc. were to request a loan with a Wal-Mart bank? I would question their commitment to small business development and community reinvestment when the initiative itself would be counter-productive to their retail sales goals. The impartial allocation of credit created from a Wal-Mart bank would be damaging to small business.

A Wal-Mart bank could have a detrimental impact on consumers. Utilizing volume discounting and economies of scale, the Wal-Mart empire has grown to become the world's largest retailer. This growth, while impressive, has come at the cost of small businesses in rural communities all over the United States. Similar to the retail sales model employed by Wal-Mart, the initial effect may be cheaper financial services for the consumer. However, the long-term effect will reduce choices for consumers and as the number of financial service providers decrease, their products will become more standardized. A "Super-Bank" may not be able to overlook credit score criteria in a standardized loan approval model. The pride of community banks, such as Chillicothe State Bank, is to look beyond a credit score and examine the personal character, work history and personal banking relationship when determining loan approval. Will a Wal-Mart be able to accomplish the same process? A Consumer's ability to obtain credit would be at risk if a Wal-Mart bank application were to be approved.

Community reinvestment is paramount. As a community bank, deposits we receive fund loans in OUR community. Community reinvestment would be threatened if a Wal-Mart bank application were approved because local deposits could be exported to a central bank or into foreign investments. Wal-Mart Stores, Inc. already employs this practice as their current retail deposits are electronically transferred to their central bank and do not remain in the communities they serve. This pattern has had a devastating effect on communities, as local retail dollars are not being used to support local lending. A Wal-Mart bank would not support community reinvestment.

For these reasons stated, I urge the FDIC to reject Wal-Mart's application for federal deposit insurance and a Wal-Mart ILC. The application presents serious public policy issues inherent in the mixing of banking and commerce, detrimental impact to consumers and community "dis"-investment. It is my sincere expectation the FDIC will reference the Gramm-Leach-Bliley Act, our nation's long-standing principle of separation of banking and commerce, in rejecting the application for federal deposit insurance by the world's largest retailer.

Sincerely,

Darla H. Duerney



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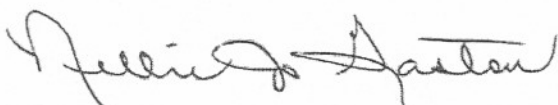
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Sincerely,

9-14-05



Chillicothe State Bank, employee



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Sincerely,

Kristine Watson
Chillicothe State Bank Employee